

Date: January 21, 2015

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager

From: James Soukup, Emergency Communications Director

Subject: Frontier Telephone Settlement

Executive Summary

The administration wishes to report on the resolution of a long-running dispute with Frontier Communications of the Carolinas LLC for telephone service to the 911 center, and to seek City Council's ratification of an agreement for future service from Frontier.

The outstanding balance that Frontier claimed (\$997,246) was resolved by a payment of \$630,000. This results in a savings to the City of Durham of \$367,246.

Frontier has agreed to provide future services at the fixed rate of \$13,000 per month, as contrasted with the \$27,062 that Frontier had been charging.

Recommendation

That the City Council ratify and authorize the City Manager to execute the agreement with Frontier Communications of the Carolinas LLC to provide service at the rate of \$13,000 per month for 24 months, for a total of \$312,000.

Background

In the dispute, Frontier claimed the amount owed was \$27,062 per month. As of December 2014, the total that Frontier claimed that the City owed was \$997,246.

In 2010, Intrado, Inc. began providing to the Durham 911 center certain next Generation 911 (NG911) services that had previously been provided by Frontier. Jurisdictions across the country are grappling with the issue of how NG911 services are reconciled with the services provided by legacy telecommunications firms like Frontier. Durham was the first in North Carolina and one of the first in the country to use NG911 technology through Intrado. This has enabled the Durham Emergency Communication Center to be a national leader in 911 texting and other technological improvements.

Issues and Analysis

Frontier claimed that the tariff approved by the NC Utilities Commission authorized Frontier to charge the City for many of the services that the City was paying Intrado to provide, as well as other services that Frontier continued to provide exclusively. The tariff is quite complicated, and it was difficult to be certain which services were being provided under the

tariff and how much Frontier could charge for them. In an attempt to resolve the matter, City staff communicated and met with Frontier on many occasions. Ultimately the city hired a expert advisor (Mission Critical Partners) and engaged a mediator in an attempt to resolve the dispute. After a daylong mediation held in December and subsequent discussions, the outstanding balance was resolved by a payment of \$630,000. This results in a savings to the City of Durham of \$367,246 compared to the charges claimed by Frontier.

Frontier has agreed to provide services not supplied by Intrado at the fixed rate of \$13,000 per month, as opposed to a month charge of \$27,062 which Frontier asserted. This two-year agreement will avoid the need to determine and agree each month which services are provided and what quantity of services are provided. This agreement begins with the December 19, 2014 bill and ends twenty-four months thereafter. This is an additional savings of \$14,062 per month.

Alternatives

None

Financial Impact

All payments are 911 Surcharge Telephone fund eligible and do not impact the General Fund.

SDBE Summary

This is not applicable.

Attachments

- Frontier-Durham City Settlement Agreement
- Exhibit A to Settlement Agreement